Republic of the Philippines
PHILIPPINE ECONOMIC ZONE AUTHORITY

MEMORANDUM CIRCULAR NO. 2026-046

FOR : **All PEZA-REGISTERED BUSINESS ENTERPRISES (RBEs)**
ALL ZONE ADMINISTRATORS/ZONE MANAGERS

F R O M : **TERESO O. PANGA**
Director General

D A T E : **28 July 2026**

SUBJECT : **Dissemination of Board Resolution No. 26-244 approving the Guidelines for the Implementation of Work-from-Home (WFH) Arrangement for PEZA-Registered Business Enterprise Pursuant to Republic Act No. 12066 (CREATE MORE Act)**

Pursuant to the Board Resolution No. 26-244 dated 22 June 2026, the PEZA Board approved the **Guidelines for the Implementation of Work-from-Home (WFH) Arrangements for PEZA-Registered Business Enterprises (RBEs) Pursuant to Republic Act No. 12066 or the CREATE MORE Act.** The full context of the Guidelines, attached as **Annex "A"** to the Board Resolution, was likewise adopted in toto and forms an integral part thereof.

These guidelines establish a balanced framework enabling RBEs to leverage telecommuting for business continuity while ensuring that core operations remain centered within the economic zones to maintain eligibility for fiscal incentives.

To facilitate easier understanding and strict compliance, below are the salient features and operational requirements detailed in the guidelines:

1. Maximum WFH Threshold and Workforce Scope

- RBEs are allowed to institute telecommuting programs covering up to 50% of their total workforce.
- Compliance with the 50% threshold limit is calculated based on a monthly representative period.
- The 50% cap applies exclusively to the operations workforce directly engaged in PEZA-registered activities.
- Employees rendering support to the registered activity, such as administrative, finance, human resource, and legal personnel, are excluded from the 50% threshold limitation.

2. Letter of Authority (LOA) Requirement

- RBEs must secure a Letter of Authority (LOA) from the PEZA Head Office on an annual basis prior to implementing WFH arrangements.
- Applications for LOA renewal must be filed no later than the 1st of December of the preceding year.

3. Movement of PEZA-Registered Assets

- A PEZA Permit for Asset Withdrawal (Form 8106) must be secured before transferring any PEZA-imported or tax-exempt equipment to employees' alternative workplaces.

- RBEs must post a surety bond for all equipment and assets deployed for WFH use to answer for respective duties and taxes.
- RBEs that hold additional registrations with the Board of Investments (BOI) pursuant to FIRB Resolution Nos. 026-22 and 033-22 are exempt from posting this surety bond.

4. Transitory Provisions for BOI-Registered RBEs

- Existing RBEs with valid BOI registrations may continue their current WFH arrangements of up to 100% until 31 December 2034.
- RBEs that opt to cancel their BOI registration and maintain only their PEZA registration must transition to the standard 50% WFH threshold limit.

5. Mandatory Reporting

- RBEs must submit a monthly compliance report detailing their WFH implementation through the PEZA Information Technology Sector Report Compliance System (ITS-RCS).
- The WFH compliance report is strictly due every 10th day of the succeeding month.

6. Penalties for Non-Compliance

- Non-compliance with the 50% WFH threshold will result in a penalty equivalent to the regular corporate income tax (RCIT).
- The RCIT penalty is applied to the income portion corresponding to the excess usage, computed as the monthly average of all excesses incurred.
- The previously proposed industry-wide blacklisting clause has been removed, and asset recovery issues will be handled individually by the RBEs.

All PEZA-registered Business Enterprises intending to implement WFH arrangements are directed to strictly observe these guidelines to ensure continuous operational flexibility without adversely impacting their tax incentives.

For your information, guidance, and strict compliance.

VSS:JBE/LJF/rmr

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CERTIFICATE OF BOARD RESOLUTION

This is to certify that at the Board Meeting of the Philippine Economic Zone Authority (PEZA) held on **22 June 2026**, during which a quorum was present, the following Resolution was approved:

"RESOLUTION NO. 26 - 244

WHEREAS, Section 27 of Republic Act (R.A.) No. 12066 or the CREATE to Maximize Opportunities for Reinvigorating the Economy (CREATE MORE) Act allows Registered Business Enterprises (RBEs) to institute telecommuting programs covering up to 50% of the total workforce without losing fiscal incentives, subject to Investment Promotion Agency rules;

WHEREAS, the Work-from-Home Guidelines (hereinafter referred to as "WFH Guidelines") aims to establish a balanced framework that enables RBEs to leverage telecommuting for business continuity while ensuring that core operations remain centered within the economic zones, as required by law;

WHEREAS, in a Memorandum dated 22 June 2026, the Management indicated that adjustments have been incorporated into the final draft of the WFH Guidelines in accordance with the guidance of the Board during the deliberations on 19 June 2025;

WHEREAS, Management has outlined that compliance with the 50% WFH threshold shall be based on a monthly representative period, applicable only to the operations workforce directly engaged in PEZA-registered activities, with administrative and finance support personnel excluded;

WHEREAS, existing RBEs with valid BOI registrations may continue their current WFH arrangements until expiration, after which they shall transition to the 50% PEZA threshold;

WHEREAS, the industry-wide blacklisting clause has been removed, with asset recovery issues to be handled individually by RBEs;

WHEREAS, non-compliance with the WFH threshold shall result in a penalty equivalent to the regular corporate income tax on the income portion corresponding to the excess usage, computed as the monthly average of all excesses incurred;

WHEREAS, these provisions are aligned with FIRB Resolution No. 005-2026, ensuring consistency with national policy during the energy emergency while balancing fiscal accountability and operational flexibility.

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that after due consideration of the representations and justifications submitted by the Management, the Board hereby issues the following Resolution:

RESOLVED, THAT the "Guidelines for the Implementation of WFH arrangements for PEZA-registered Business Enterprises (RBEs) pursuant to **the** CREATE MORE Act" is hereby **APPROVED**."

RESOLVED FINALLY, THAT the full text of the WFH Guidelines, attached hereto as Annex "A", is hereby adopted in *toto* and made an integral part of this Resolution for all legal intents and purposes.**"**

The above-quoted Resolution is true and correct in accordance with the records of the Office of the Board Secretariat.

Digitally signed by
Atty. Christine Heide A. Rosales

ATTY. CHRISTINE HEIDE A. ROSALES
Acting Board Secretary

06/22/2026
/gsr

ANNEX "A"

SUBJECT : RULES AND REGULATIONS FOR THE IMPLEMENTATION OF WORK FROM HOME (WFH) ARRANGEMENT UNDER R. A. NO. 12066 OR THE CREATE MORE ACT

SECTION 1. Legal Basis

"**Section 27.** Section 309 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"**Section 309**. *Prohibition on Registered Activities.* - Except as allowed under this provision, a qualified registered project or activity under an Investment Promotion Agency administering an economic zone or freeport shall be exclusively conducted or operated within the geographical boundaries of the zone or freeport being administered by the Investment Promotion Agency in which the project or activity is registered: *Provided,* That an RBE may conduct or operate more than one qualified registered project or activity within the same zone or freeport under the same Investment Promotion Agency: *Provided, further*, That any project or activity conducted or performed outside the geographical boundaries of the zone or freeport shall not be entitled to the incentives provided in this Act: ***Provided, further*more, That RBEs may institute a 'telecommuting' program as defined under Republic Act No. 11165, otherwise known as the 'Telecommuting Act', including work-from-home arrangements, which shall not cover more than fifty percent (50%) of the total workforce, and shall be subject to the rules and regulations formulated by the Investment Promotion Agency**. The RBEs shall continue to avail of all the incentives provided under this Act and under their registration with any applicable Investment Promotion Agency: *Provided,* finally, That double registration for purposes of availing of other incentives under special laws shall not be allowed."

SECTION 2. Scope, Coverage and Definition of Terms

2.1 Scope and Coverage

These rules and regulations shall apply to **all PEZA-registered Business Enterprises (RBEs)**, including but not limited to Export Enterprises, Information Technology (IT) Enterprises, Business Process Outsourcing (BPO) Enterprises, Facilities Enterprises, Ecozone Logistics Service Enterprises, Utilities Enterprises, and other PEZA-registered entities that seek to implement WFH arrangements for their registered activities.

However, specific limitations or exclusions may apply to RBEs whose registration agreements with PEZA explicitly prohibit remote work arrangements, and to RBEs whose nature of operations renders WFH or remote work arrangements impractical or unfeasible, or those RBEs engaged in certain projects or business activities

which, by its very nature, require on-site presence within the geographical boundaries of the economic zone for its continued operational viability.

2.2 Definition of Terms

- **Work-From-Home (WFH)** – A form of **telecommuting** where an employee performs work from their residence (or other alternative location outside the PEZA economic zone) using telecommunication and computer technology. WFH is one type of Flexible Work Arrangement (FWA) analogous to "flexi-place" under international practice.

- **Telecommuting Program** – A policy or agreement within the RBE that governs telecommuting arrangements pursuant to RA 11165. It outlines the terms and conditions for WFH, including eligibility criteria, acceptable alternative workplaces, required technology, work hours, performance standards, code of conduct, data protection measures, OSH (occupational safety and health) provisions, and dispute resolution mechanisms. The telecommuting program must be **voluntarily agreed upon** by employees and RBE (see Section 5.1) and must be documented in writing (*e.g.* through the employment contract, via an addendum to employment contracts or an HR policy with an individual consent form).

- **Total Workforce** – The total number of employees of an RBE that are **directly involved in the PEZA-registered project or activity using telecommunications and/or computer technologies.** This includes all personnel under an employer-employee relationship that are directly engaged in the operations of the incentivized activity. This number serves as the basis for computing the 50% cap on WFH participation (see Section 3.2.1). For avoidance of doubt, employees of the RBE who render support to the registered activity of an RBE *i.e*., human resource, administration and, legal, are outside the scope of this cap. Accordingly, the latter may be allowed to undertake their functions under WFH arrangement or any telecommuting program without any limitation or any impact on the cap.

- **Registered Activity** – The business activity or project registered with PEZA for which tax incentives are granted (*e.g.* export product manufacturing, IT-enabled service operation, *etc.*). WFH arrangements under these rules and regulations are only applicable insofar as employees are performing tasks related to the PEZA-registered activity. Work done for non-registered activities should be segregated as it may not be entitled to the same incentives (see Section 3.3.1 on tax treatment).

- **PEZA Permit for Asset Withdrawal (Form 8106)** – A permit issued by PEZA allowing an RBE to temporarily bring equipment, assets, or goods out of the ecozone premises. Under these guidelines, it is initially required for transferring any PEZA-imported or tax-exempt assets to the employees' homes for WFH use (see Section 4.1.1).

Other technical terms or acronyms used in this policy (*e.g*., FIRB, BIR, DOLE, OSH, *etc.*) shall have their usual meaning as defined in the relevant laws and regulations.

SECTION 3. General Policies

In accordance with Rule 20 of the CREATE MORE Act IRR, these general policies shall govern the implementation of WFH arrangements for RBEs to ensure compliance with incentive eligibility requirements while supporting business continuity and operational flexibility.

All RBEs which shall implement WFH arrangements shall secure a Letter of Authority (LOA) prior to the implementation of such on an annual basis. The issuance of the LOA is crucial in determining the compliance of the RBEs with the allowable threshold of 50% of the total workforce of the RBE. The LOA shall be subject to renewal and said application shall be filed not later than the 1st of December of the preceding year when the WFH arrangement shall be implemented. All applications for LOA for WFH shall be filed at the PEZA Head Office – Enterprise Registration Division using the prescribed Proforma application for WFH.

3.1. General Rule on Location of Operations

All RBEs shall maintain their offices **within PEZA-proclaimed economic zones** while implementing the WFH arrangements to remain eligible for tax and fiscal incentives under the CREATE MORE Act.

WFH arrangements may be implemented only within the **prescribed thresholds** and in compliance with **PEZA, FIRB, and BIR regulations**.

3.2. Allowable Work-From-Home (WFH) Arrangements

3.2.1. **Threshold Limitation** – RBEs are authorized up to **50% of their total operations workforce** to work from home subject to the issuance of a LOA. The RBE shall ensure that at any given time, the number of employees under WFH arrangements does not exceed this limit; Provided, however, that an RBE that fails to meet the 50% workforce requirement in cases of force majeure or fortuitous events as provided in the business continuity plan approved by PEZA shall not be subject to the penalty provided in Section 309 of the National Internal Revenue Code of 1997, as amended by the CREATE MORE Act, and Section 6.1 of this Rules.

Workforce counting methodology:

Each employee who is designated under the telecommuting program (Section 2.2) will be considered part of the WFH headcount regardless of full-time or part-time status. However, purely occasional or emergency work-from-home (*e.g*. due to temporary illness, weather disruptions, transport strike, *etc.*) may be excluded from the count, provided such instances are duly documented.

If the RBE rotates employees between on-site and WFH (hybrid scheduling), it must manage the rotation such that no more than 50% are remote on any given day **and** that over a representative period (*e.g.* a

month) the average remote ratio does not exceed 50%. This limit ensures the enterprise maintains substantial operations within the zone to preserve the intent of PEZA incentives.

3.2.2. **Exemptions** – **RBEs that had additional registration of their projects or activities with the Board of Investments (BOI) pursuant to FIRB Resolution Nos. 026-22 and 033-22 (which allowed 100% WFH for IT-BPM firms during the pandemic period) may continue to enjoy up to 100% WFH arrangements under their BOI registration until the end of the transitory period defined under the CREATE MORE Act or until 31 December 2034.** This exception recognizes earlier government measures granting full WFH to certain enterprises.

Should such PEZA RBEs with additional registration with the BOI decide to maintain only their PEZA registration, they shall be covered by the threshold limitation (see Section 3.2.1), subject to the issuance of a LOA.

Cancellation of BOI registration may be done by an RBE transferee if it intends to maintain only its registration with PEZA. Any transition must be coordinated with both BOI and PEZA to avoid disruption of incentives to their registered project or activity.

3.3. Tax Implications of WFH Arrangements

3.3.1. **Income Tax Treatment** – RBEs implementing WFH must ensure that income generated by employees working remotely **remains attributable to the registered activity** and thus, within the scope of PEZA incentives. Stated otherwise, as long as the WFH employees are performing tasks directly for the registered project (*e.g*. serving foreign clients or producing outputs as if they were in the zone), the income from such outputs continues to enjoy the applicable incentive (such as the Income Tax Holiday (ITH), 5% Special Corporate Income Tax (SCIT) or Enhanced Deductions (ED) regime under the CREATE MORE Act).

However, if an RBE exceeds the allowable WFH threshold, the **excess portion** of its income may be subject to **regular tax** (see Section 6.1) – meaning the privilege of ITH, 5% SCIT or other incentives would not apply to that portion. RBEs are thus, strongly cautioned to stay within the WFH limit to avoid incurring any penalty or jeopardizing the incentives granted to their project or activity.

Local business tax: So long as the RBE does not establish a new commercial office outside the zone, an employee's home workspace **shall not be deemed a separate place of business**. Therefore, the incentives that include exemption from local taxes remain intact, and local government units (LGUs) should not impose local business tax on the basis of employees teleworking in their jurisdiction. This follows the principle that the **economic zone remains the registered place of business** of the enterprise despite some employees telecommuting.

3.3.2. **VAT Treatment** – Local purchases of goods and services related to WFH operations may be subject to VAT, unless covered by PEZA's VAT zero-rating guidelines and BIR issuances. Locally purchased goods/services that are delivered to the ecozone enterprise may qualify for VAT zero-rating **if** they are used in the registered activity and proper documentation is done.

However, purchases or costs solely attributable to WFH (such as utilities at employees' homes) are typically personal and not covered by VAT zero-rating. Similarly, importations of equipment and supplies for use in the registered activity remain duty and tax-free under the usual PEZA privileges **provided the required permits (Form 8106)** are secured before deployment to employees (see Section 4.1.1). In summary, **WFH per se does not remove the VAT/duty incentives** for qualified inputs of the registered activity, but compliance in documentation is critical to substantiate continued tax-exempt treatment.

4. Operational Requirements and Compliance Measures

4.1. Movement of Equipment and Assets

4.1.1 **Securing permits –** No equipment, assets or other goods acquired with zero VAT and/or imported tax and duty free shall be brought out of the RBE's facility/ies or be deployed directly to employees' residences for purposes of WFH arrangement unless these are covered by PEZA Permit Form 8106 duly approved by the RBE's PEZA Zone Administrator/Zone Manager.

4.1.2 **Posting of surety bond** – A surety bond shall be posted for all equipment, assets or other goods to answer for the duties and taxes due on said equipment, assets or other goods deployed by the RBE for use by its employees for the conduct of WFH arrangement. Provided, that RBEs that had additional registration of their projects or activities with the Board of Investments (BOI) pursuant to FIRB Resolution Nos. 026-22 and 033-22 shall not be required to post such surety bond.

4.1.3 Return and Accountability - Assets taken out for WFH remain **PEZA-registered assets** of the RBE. The RBE and the concerned employee are responsible for their proper use, maintenance, and return. **Upon cessation of the telecommuting arrangement** for an employee (*e.g.* employee returns to full on-site work, or resigns, or the equipment is upgraded), the RBE shall ensure retrieval of the item back to the ecozone or its proper disposition. Any loss, theft, or damage to the equipment must be reported to PEZA, and appropriate duties/taxes must be paid if the asset cannot be returned. The RBEs have the obligation to educate their WFH employees that company equipment provided remains government-tax-exempt property and must be cared for and returned on demand. Abuse of this (such as personal selling of the laptop) could subject employees and the company to penalties.

4.2. Reporting and Documentation Requirements

4.2.1 **RBE Workforce Compliance Reports** – RBEs must submit a monthly report on its implementation of WFH arrangements thru the PEZA's Information Technology Sector – Report Compliance System (ITS-RCS) every 10th day of the succeeding month until a new reporting system is implemented by PEZA which shall be issued as an amendment to this order. The quarterly submission of the RBEs implementing WFH arrangements shall be the basis of PEZA's annual report to the BIR. Any amendment or corrections in the report previously submitted shall be made as soon as the RBE takes cognizance of the information that needs to be rectified.

4.2.2 **BIR Reporting** – PEZA shall **consolidate the WFH reports** of RBEs and shall submit an **annual report** to the BIR within thirty (30) days following the close of the calendar year.

4.3. Monitoring and Audit by PEZA

PEZA reserves the right to conduct **inspections or audits** to verify an RBE's compliance with these rules and regulations. Such audits may be coordinated visits or virtual audits.

PEZA may, for instance, audit the headcount and see if the number of people in the office corresponds with reported WFH numbers, or check the inventory of off-site equipment against permits. The RBEs should facilitate any reasonable request by PEZA for information or access related to WFH compliance. If needed, PEZA officials (or authorized representatives) may **visit an RBE's zone premises** to review records, and in some cases, with due notice, **visit the alternative worksites** (*e.g.* to verify that equipment is at an employee's home as reported). However, if the alternative worksite is an employee's home, **prior notification and consent of the employee shall be obtained** before any inspection, in recognition of the privacy of the home.

The RBEs are encouraged to perform **self-audits** regularly – *i.e*., check each quarter that their WFH percentage is within limit, that all permits and reports are filed, and that employees' rights are protected. The RBEs must also promptly address any internal findings to maintain compliance.

5. Labor Standards and Employees Welfare in WFH Arrangements

As mandated by R.A. No. 11165 (Telecommuting Act) and other labor laws, WFH arrangements must not undermine the rights and benefits of employees. RBEs have an equal obligation to uphold labor standards for remote workers as for on-site workers.

The following guidelines ensure that employee welfare is protected under any telecommuting program:

5.1. Voluntary Participation and Non-Coercion: Telecommuting must be based on **voluntary agreement** between the RBE and employee. An RBE cannot unilaterally impose WFH on an employee who has not agreed, nor can an employee demand WFH without the approval of the RBE – it should be mutually agreed upon (typically via the employment contract, or addendum to employment contract, or the telecommuting program policy and an individual consent form). This adheres to the principle that there is *no automatic right to telework nor an obligation to telework* under the law, except as may be otherwise provided by future legislation.

Equal opportunity: RBEs should offer the chance to telecommute in a fair and non-discriminatory manner. Eligibility criteria (job roles allowed, performance requirements, seniority, *etc*.) should be clearly stated in the telecommuting program. These criteria must be based on legitimate business reasons (nature of work, need for on-site presence, etc.), *not* on arbitrary distinctions. Likewise, employees should **not be penalized for opting out** of telecommuting – if a worker prefers to work on-site (or is unable to WFH effectively), that choice should not become a basis for adverse action. Participation is voluntary and can be revoked by either party with appropriate notice as defined in the program (for instance, an employee may request to return on-site, or the RBE may require an employee to revert to on-site work due to performance issues or changed business needs, with reasonable notice and discussion). Any changes in the telecommuting agreement must be documented.

In summary, the WFH agreement is a privilege and option extended under agreed conditions, and **consent and communication** between the RBE and employee are key at all times.

5.2. Equal Treatment and No Diminution of Benefits: Employees working from home **shall enjoy the same rights, benefits, and privileges** as those working on-site at the ecozone office. There must be no diminution or impairment of any term or condition of employment due to telecommuting. The following specific assurances apply:

5.2.1. Salary and Wages: WFH employee shall receive pay equal to what they would receive if working in the office for the same role and hours. RBEs shall not pay lower wages to an individual just because they are working from home. All legislated wage increases, allowances, and monetary benefits cover WFH employees equally. In any case, **the total compensation and benefits package (excluding those that are directly related to onsite work, e.g. transportation allowance, onsite meals) should not be less than that of comparable on-site employees**.

5.2.2. Leave Entitlements: All **leave benefits** (vacation leave, sick leave, maternity leave, paternity leave, parental leave, special leave for women, *etc.*) available to on-site employees shall remain available to WFH employees on the **same terms**. For example, a WFH employee who falls sick can utilize sick leave and should not be forced to work just because they are at home.

Maternity Leave and Paternity Leave: If a WFH employee becomes pregnant, she is entitled to the full 105-day (or more, if applicable) paid maternity leave under R.A. No. 11210, regardless of telecommuting status. The period of maternity leave cannot be shorter or less compensated on the argument that she was not commuting or working on-site. Similarly, a male employee on WFH is entitled to paternity leave under R.A. No. 8187 for childbirth of his spouse.

Service Incentive Leave: WFH employees who qualify (those who have rendered at least one (1) year of service and not expressly excluded) may accumulate and may avail of their service incentive leave (5 days/year) just like others. The RBEs' policies on leave filing and approval apply uniformly. Being on WFH is not an excuse to deny or delay approval of leaves that an employee would otherwise be permitted if on-site. In addition, if the RBE offers healthcare benefits, insurance, or similar perks, WFH staff must have equal access to these.

Holiday pay and Premiums: If a WFH employee works on a Philippine regular holiday or special non-working day, they are entitled to the same holiday pay premiums as on-site workers. The Telecommuting IRR explicitly notes that labor standards on **hours of work, overtime pay, night shift differential, and holiday pay apply to WFH employees** – the RBE must track and compensate WFH employees' hours exactly as required by law. Local holidays shall be observed based on the location of the RBE where the employee is officially assigned or accounted for, regardless of the employee's place of residence or work arrangement.

5.2.3. Performance Standards and Evaluation: WFH employees shall have **workload and performance standards equivalent to those of on-site employees** holding similar positions. RBEs should measure output on the basis of results and quality of work, not on mere physical presence.

5.2.4. Training and Career Development: An RBE must ensure that WFH employees have **equal access to training programs, skill development opportunities, and career advancement** as their on-site counterparts. If the RBE in-house training or sponsors external seminars, WFH staff should be included (they can attend virtually or be asked to come on-site for important training as needed). Telecommuting should not result in an employee not being considered for promotions. Supervisors should include remote team members in team meetings, brainstorming sessions, and any upskilling initiatives.

5.2.5. Collective Rights and Company Engagement: WFH employees retain the **same collective rights** as other employees. They have the right to join or form labor unions, to participate in collective bargaining, and to be included in any workplace communications or employee assemblies. An employee must not be excluded from a labor-management meeting or a grievance hearing simply because they are remote – alternative arrangements (virtual meeting) can be made. If a union exists, it should

make efforts to reach out to WFH members to ensure they receive updates and can voice concerns. Any internal employee activities (town hall meetings, HR announcements, social events) should be communicated to remote workers as well. Essentially, WFH staff should continue to feel as *much a part of the company* as on-site staff. This also means that company rules and regulations (disciplinary policies, code of conduct) apply to WFH employees just the same. RBEs maintain the prerogative to enforce rules and discipline (for valid cause) even if violations occur in a remote context. However, as noted in DOLE's guidelines, the RBE's exercise of management prerogatives must not circumvent employees' rights under law or any agreement. Any disciplinary action for a WFH employee should follow due process similar identical to on-site cases.

5.3. Special Categories of Employees – Additional Protections:

Certain employees may have additional legal protections or considerations, which must be respected in a WFH setting:

5.3.1. Pregnant and Nursing Employees: Consistent with the **Magna Carta of Women (RA 9710)** and general principles of maternal protection, pregnant employees should be treated with utmost consideration. If a pregnant employee is eligible for WFH and prefers to work from home for health or comfort reasons, the RBE is **strongly encouraged to allow or continue WFH** for her, provided business operations permit.

If the pregnant employee works on-site but later requests for a telecommuting arrangement as an accommodation, the RBE should evaluate the request in good faith and grant it if the job can be effectively done from home and appropriate coverage or adjustments can be arranged. Note that even prior to RA 12066, PEZA and DOLE allowed special considerations during the pandemic for vulnerable employees (including pregnant women) to work from home. These guidelines reinforce that spirit of accommodation.

No Discrimination: An RBE cannot remove a pregnant woman from a WFH arrangement on the basis of pregnancy alone, nor can it deny her the chance to participate in WFH (if her role allows) due to unfounded assumptions about productivity. Pregnancy is not a valid reason to reduce responsibilities unless requested by the employee or advised by a doctor.

Maternity Leave and Post-Partum: As highlighted in Section 5.2.2, remote workers get full maternity leave benefits. Upon return from maternity leave, a female employee may benefit from continued WFH (if feasible) especially while nursing. RBEs should consider flexible scheduling or partial WFH arrangements for nursing mothers to attend to infant care needs. RA 10028 (Expanded Breastfeeding Promotion Act) requires RBEs to provide lactation break periods – this applies to WFH employees too. Managers should allow nursing WFH employees to take lactation breaks and not load them with meetings continuously. In summary, the WFH policy should be implemented in a manner that **supports pregnant and nursing employees**, not

disadvantages them. This family-friendly approach not only complies with law but also enhances employee morale and retention.

5.3.2. Employees with Disabilities or Health Conditions: Under RA 7277 (Magna Carta for Persons with Disability) as amended, RBEs must provide reasonable accommodation to PWD employees. Telecommuting can be a form of reasonable accommodation for certain disabilities or chronic health conditions, enabling an employee to work in a more suitable environment. If an employee with a disability requests WFH and it does not impose undue hardship on the company, the RBE should consider granting it. Similarly, employees with health issues (immunocompromised, anxiety disorders, etc.) may find WFH beneficial. While not everyone with a health issue will need WFH, the option can be a tool to help maintain their employment.

In all the above cases, **open communication** between the employee and management is vital. The telecommuting program should outline a process for employees to request special WFH arrangements or other accommodations, and for the RBE to evaluate and respond. RBEs should document the reasons if any request cannot be granted to ensure decisions are fair and seen to be fair. This fosters a culture where flexible work is integrated with empathy and equality.

5.4. Work Hours, Rest Periods, and Right to Disconnect: WFH employees are covered by the same work hour regulations as on-site staff.

5.5. Occupational Safety and Health (OSH): The RBEs bear responsibility for the safety and health of WFH employees, to the extent feasible. The telecommuting program should orient employees on maintaining a safe home office.

6. Sanctions for Non-Compliance

6.1. **Exceeding the WFH Threshold** – If an RBE **exceeds the 50% WFH threshold** imposed by PEZA, the RBE shall be liable to pay, as penalty, regular corporate income tax multiplied by the excess over the allowable threshold, computed by averaging all excesses incurred during the month of non-compliance.

- **Payment of regular corporate income tax (RCIT) proportionate to the excess portion of remote work operations**. For example, if an RBE had 60% of its workforce under WFH, PEZA may determine that 10% of the RBE's income (the excess portion) is to be subjected to the RCIT; Provided, That the excess shall be computed by averaging all excesses made by the RBE in the month of non-compliance. The RBE would then be liable to remit the tax differentials on that portion to the BIR.

Illustrative Example on Imposition of Penalty (RCIT)

RBE reported its WFH implementation for the Month of March 2026 and has exceeded the WFH threshold for the following dates:

Date	Total Employees	WFH Employees	WFH %	Excess over 50%
March 5, 2026	100	60	60%	10%
March 6, 2026	100	55	55%	5%
March 7, 2026	100	70	70%	20%
March 12, 2025	100	52	52%	2%
March 13, 2025	100	63	63%	13%

Computing for the average excess WFH percentage will be as follows:

Average Excess:

$$\frac{10\% + 5\% + 20\% + 2\% + 13\%}{5} = 10\%$$

The average of all excess is 10%, with total income for March 2025 at Php10,000,000.00. Hence, 10% of Php10,000,000.00 which is Php1,000,000.00 shall be subject to RCIT.

- **Possible suspension of tax incentives.** PEZA may recommend the **suspension of fiscal incentives** of the RBE, in whole or in part, for willful violation of the WFH rules. Repeated breaches (for instance, maintaining 80–100% WFH in defiance of the policy) can lead to cancellation of the RBE's registration with PEZA or incentives. Suspension of incentives means the RBE would temporarily lose its entitlement to preferential tax treatments (and could be required to pay taxes like any regular corporation during the suspension period). The duration of suspension will depend on the severity of violation and the enterprise's response *i.e*., whether it immediately remedied the situation).

5.2. **Failure to Submit Reports** – RBEs failing to submit required WFH reports may be subject to imposition of penalties in accordance with Section 8.A.1 of Rule XXV of the Implementing Rules and Regulations of RA No. 7916.

5.3 **Failure to Secure Permits for the Deployment of assets –** RBEs which fail to secure the necessary PEZA Permit Form 8106 shall be subject to imposition of penalties as provided under Section 8.A.3 of Rule XXV of the PEZA IRR or to payment of duties and taxes due on goods which were brought out of the economic zone without the required permits.

These policies shall take effect immediately upon approval and shall remain in force unless otherwise amended or repealed by PEZA in line with future legislative or regulatory changes.

All earlier memoranda, circulars, and directives issued by PEZA that are inconsistent with the provisions of these guidelines shall be repealed or modified accordingly.

If any provision of these guidelines is held invalid or unenforceable by a competent authority, the other provisions shall continue to be in effect and shall not be affected thereby.

PEZA shall closely coordinate with the RBEs, industry associations, and PEZA Zone Administrators / Managers to ensure wide dissemination and understanding of this policy. RBEs are encouraged to consult with the PEZA - Enterprise Regulations Department for any clarification on implementing these WFH guidelines.

06/22/2026
/gsr